

## **Post Employment Health Care Changes for 2007 Frequently Asked Questions dated 4/4/05**

### **Q1: How are Dependents affected by this change?**

A1: Here are the basics to remember:

1. Non-Medicare eligible dependents of a Medicare eligible retiree will be allowed to continue coverage under the Delphi Program for as long as they:
  - a. Meet normal dependent provisions; and
  - b. Are not Medicare eligible in the normal course.
2. Medicare eligible dependents of a non-Medicare eligible retiree will be covered under the Delphi Program until the retiree becomes Medicare eligible.
3. Coverages continued under the Delphi Program will be subject to normal contribution provisions.
4. If coverage is ever discontinued for a dependent after the retiree becomes Medicare eligible, it may not be reinstated.

### **Q2: I am a pre-1993 hire and I plan to retire in April of 2007 at the age of 62. I have a daughter who is 12. How does this affect her coverage?**

A2: When you retire at 62 you will continue to have Delphi health care coverage until you become Medicare eligible in the normal course (currently age 65). At that point, Medicare becomes primary and you will be eligible for the \$10,000 retiree medical account. Your daughter, who will be approximately 15 when you turn 65, will still be covered under Delphi's health care coverage as long as she meets normal dependent eligibility provisions. These generally include the requirement that:

- the child must be your natural child or the child of a spouse, a child in process of being adopted, or a child that you are the legal guardian for;
- The child must not be married;
- The child must be under 19 years of age (may be over 19 if a full-time student or totally & permanently disabled);
- The child must reside with you (being away at school is valid) or if not, you must be legally responsible for providing that child's health care.

You should check with the National Benefit Center to assure that the child meets all of the eligibility requirements.

### **Q3: My spouse is 10 years younger than me and is covered as a dependent under my insurance. What happens to my spouse's coverage when I retire and turn 65?**

A3: Assuming that you are a pre-93 hire, you and your spouse will continue to receive Delphi health care coverage until you become Medicare eligible in the normal course (currently age 65). At that point, your \$10,000 retiree account will be available to you. Your 55 year-old spouse will continue to be covered under Delphi's health care coverage (subject to normal contribution provisions) until your spouse becomes Medicare eligible in the normal course.

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**Q4: What about Sponsored dependents?**

A4: Sponsored Dependents must continue to meet all eligibility requirements. If they do, and you continue to make the necessary payments then they may continue to have coverage through Delphi. However, if the sponsored dependent becomes eligible for Medicare in the normal course (currently age 65) they will no longer be eligible for coverage through Delphi.

**Q5: My spouse and I are both Delphi salaried employees hired before 1993. She is covered as a dependent under my health care coverage. Do we both get the \$10,000 Transition Account?**

A5: In most cases both you and your spouse would be eligible for the retiree medical account. However, it is important to understand that the retiree medical account is only applicable if you don't have coverage under the Delphi Program. The following examples illustrate this principle.

**Example 1:** You are 5 years older than your spouse. You retire on January 1, 2007 and reach normal Medicare eligibility effective May 1, 2007. Your spouse continues to be an active employee. When you reach normal Medicare eligibility your Delphi health care coverage will cease, you will be eligible for the retiree medical account and your spouse will continue as your dependent under the Delphi Salaried Health Care Program, subject to normal contribution requirements.

**Example 2:** Continuing with Example 1, your spouse decides to retire on January 1, 2009 at age 62. Your spouse will be eligible to continue Delphi health care coverage until normal Medicare eligibility. At that point, your spouse would lose Delphi health care coverage and become eligible for the retiree medical account.

**Example 3:** Same facts as Example 1 except that at the point you become Medicare eligible in the normal course, your spouse decides to activate their Delphi employee coverage. If your spouse elects to cover you as a dependent, you would continue to have Delphi health care coverage through your spouse and, as a result, you would forfeit the Transition Account. (Note: If your spouse does not add you as a dependent, then you would not have Delphi health care coverage and you continue to be eligible for the Transition Account)

**Example 4:** Continuing with Example 3, your spouse decides to retire on January 1, 2009 at age 62. When your spouse becomes Medicare eligible in the normal course both you and your spouse would lose Delphi coverage but your spouse would be eligible for a Transition Account. Since you had Delphi coverage as a dependent after becoming Medicare eligible in the normal course, you would not be eligible for a Transition Account.

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As the above examples demonstrate, if a salaried retiree who has become Medicare eligible in the normal course is enrolled in Delphi coverage as a dependent through another Delphi employee or retiree, that salaried retiree will forfeit the Transition Account. Specifically, this applies when the Delphi salaried, Medicare eligible retiree is covered as a dependent of a Delphi hourly employee or retiree or as a dependent of a Delphi salaried employee or non-Medicare eligible retiree.

**Q6: I was hired after January 1, 1993 and have a spouse under my Delphi health care coverage. When I retire, if I want to continue Delphi's coverage, I know that I have to pay the full cost to do so. However, my spouse is 5 years younger than I. When I turn 65 and Medicare becomes primary, can I continue buying Delphi coverage for my spouse?**

A6: Yes

**Q7: I am a pre-93 hire and my spouse is 10 years older than me. He turns 65 in mid-2007. What happens to our Delphi coverage?**

A7: You will continue to get Delphi health care coverage until you retire and become Medicare eligible in the normal course (currently age 65). You may also continue to carry your spouse, even though your spouse is Medicare eligible, as long as you remain eligible.

**Q8: What happens if the Federal government increases the age at which a person becomes Medicare eligible in the normal course?**

A8: Delphi currently intends to provide health care to eligible pre-93 hires prior to the Medicare eligibility age. So, if the age for normal Medicare eligibility is increased, Delphi will extend coverage to that age. Conversely, if the age for Medicare eligibility is lowered, Delphi coverage will cease at that age rather than age 65.

**Q9: What is the Medicare Special Benefit and who does it cover?**

A9: The Medicare Special Benefit, which is currently \$76.20, is paid by Delphi to eligible pre-93 hires that are retired and receiving a benefit under the Delphi Salaried Retirement Program. It is meant to help defray the cost of the Medicare Part B premium. It is only payable for an eligible retiree. The Special Benefit is not payable to a spouse until after the retiree dies.

The Special Benefit is also payable, in certain, instances to employees who are receiving Extended Disability Benefits.

In order to receive the Special Benefit the retiree/employee must verify actual enrollment in Medicare Part B by sending a copy of their Medicare card to the National Benefit Center.

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**Q10: Can retirees cash out the Transition Account instead of seeking reimbursement for premiums through it?**

A10: No. The intent of the Account is to help you defray the cost of Medigap and Medicare monthly premiums.

**Q11: What impact does this have on life insurance?**

A11: None

**Q12: Did this change to the Salaried Health Care Program affect all employees (i.e. executives too)?**

A12: Yes, Delphi has one health care program for all salaried employees.

Since employees who were hired on or after January 1, 1993 are not eligible for Delphi subsidized health care in retirement, the impact of this change is different for this group of employees than it is for employees whose hire date precedes January 1, 1993. Executives are impacted in the same way as other employees depending on their date of hire.

**Q13: Will Delphi be approaching the Unions about changing their health care program?**

A13: Yes, it is Delphi's intention to do so.

**Q14: If a retiree dies after turning 65 and has no spouse, who gets any remaining balance in the Account?**

A14: Any remaining balance is forfeited upon death since there is no surviving spouse to use it.

**Q15: Doesn't the additional 1% into the S-SPP that the post-92/pre-01 hires get now provide them a better deal than longer service employees?**

A15: It depends upon your assumptions, but generally, no; because those employees are not eligible for Delphi-provided health care when they retire. So, if a post-92/pre-01 employee retires at 60, that employee is not eligible for Delphi provided health care coverage at all whereas the pre-93 hire receives Delphi provided health care coverage for the 5 years preceding normal Medicare eligibility. The post-92/pre-01 employee, however, may purchase health care coverage at full cost through Delphi until Medicare eligibility.

**Q16: If a retiree with a service date prior to January 1, 1993 waives Delphi health care coverage to be on their non-Delphi spouse's health care coverage just prior to reaching age 65, do they still qualify for the \$10,000 Transition Account upon reaching age 65?**

A16: Yes, eligibility is based on hire date and retirement date. In general, as long as a retiree is eligible for Delphi provided health care coverage in retirement, that retiree would normally be eligible for a Transition Account. A waiver of Delphi coverage to be on the health care coverage of a non-Delphi spouse does not affect eligibility for the Transition Account.

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**Q17: How will you keep retirees up-to-date as to their benefits options when they are retired?**

A17: Delphi will periodically mail information to retirees and updated benefit information is available on the National Benefit Center website ([www.delphinbc.com](http://www.delphinbc.com)).

**Q18: Was there an error in the brochure that was mailed to our homes? It seems to imply that the Medicare Part D for drugs is 100% retiree pay between \$2,250 and \$3,600. Your presentation said that the 100% retiree pay corridor is between \$2,250 and \$5,100. Which is correct?**

A18: The brochure was correct as well as the presentation. The brochure indicated that the retiree pays 100% of the drug expense above \$2,250 until the retiree's out-of-pocket expense reaches \$3,600. The Part D 100% pay corridor is in fact between \$2,250 and \$5,100 of drug expense. The \$3,600 is the total retiree out-of-pocket expense for deductibles, coinsurance before the "catastrophic" portion of Part D, and the 100% pay corridor amount. It is the sum of the \$250 deductible plus \$500 (25% of \$2,000) plus \$2,850 (100% of the drug expense between \$2,250 and \$5,100). After the \$3,600 out-of-pocket maximum is reached, the catastrophic coinsurance is approximately 5% of the drug expense.

**Q19: How will a retiree access the Retiree Medical Account?**

A19: Administration of the account will be performed by an experienced administrator. Essentially, the account will work much like the Flexible Spending Accounts that are currently available to salaried employees today except that unused balances can roll over from one year to the next. The employee incurs an eligible expense, submits a request for reimbursement to the administrator and is reimbursed on a tax-free basis. Additional information will be provided once details have been finalized.

**Q20: What happens if I work past the Medicare age of 65?**

A20: Delphi will continue to provide health care coverage while you are an active employee.

**Q21: What if I am covered under my GM spouse's health care coverage? Will I still get the \$10,000 Account when I turn 65?**

A21: Yes, if otherwise eligible, you will have access to the retiree medical account. This is also true if you are covered under another employer plan (e.g., Ford, DaimlerChrysler, NCR, etc.).

However, it is not Delphi's intent to provide duplicate coverage so if you are covered under the Delphi Program, please refer to the answer to Question 5, above.

**Q22: Can the pre-93 hires elect into the additional 1% into their SSPP instead of taking the Transition Account?**

A22: No.

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**Q23: Does Medicare apply if you're 65 and live overseas?**

A23: Although you would be Medicare eligible, Medicare does not cover services received outside the U.S. Many foreign countries have socialized medicine and, as a resident, you may qualify for that country's plan.

**Q24: Will the Medicare Special Benefit amount be deducted from the Retiree Medical Account?**

A24: No. The Special Benefit is included in the retirement check of eligible retirees.

**Q25: What are the current costs for dental and vision coverages?**

A25: For 2005, the self-pay rates for dental coverage are \$325 (Single) and \$950 (Family) and self-pay rates for vision coverage are \$50 (Single) and \$160 (Family). These are annual amounts and they are updated each year. These rates are based on the entire salaried population. Actual rates to continue coverage after retirement may be different (most likely, higher) depending on the population that elects to continue the coverage after Medicare eligibility.

Note: Family coverage includes the retiree, a spouse and one or more other dependents. The cost for a retiree plus spouse normally is twice the single rate.

**Q26: If a post-92/pre-01 hire retired today, what would it cost them to buy Delphi's medical coverage – to fill their gap before they turn 65 and become Medicare eligible?**

A26: The cost to continue coverage would depend on the coverage that is continued. For 2005, the self-pay rates for the Enhanced Medical Plan (EMP) are \$4,500 (Single) and \$13,800 (Family). These are annual amounts and are updated each year. These rates are based on the entire whole salaried population. Actual rates to continue coverage after retirement may be different (most likely, higher) depending on the population that elects to continue the coverage after Medicare eligibility.

Note: Family coverage includes the retiree, a spouse and one or more other dependents. The cost for a retiree plus spouse normally is twice the single rate.

**Q27: If you start out with one level of Medigap policy can you buy up or down as your needs change?**

A27: Generally, yes, you can; depending upon what policies are offered in your state of residence. You should check the Medigap information posted on the Medicare website ([www.medicare.gov](http://www.medicare.gov)) for complete rules and regulations.

**Q28: What is the Medigap enrollment period?**

A28: The 6 month Medigap open enrollment period begins for an individual on the first day of the first month after he/she has both a) attained age 65 and b) become entitled to Medicare Part B benefits.

- a. According to current Medicare rules, an individual attains age 65 on the first day of the month in which the individual's 65th birthday falls. For example, an individual whose 65th birthday is October 15, 2003 will be deemed to have attained age 65 on October 1, 2003. **Exception:** For an individual whose birthday falls on the first day of the month, he/she is deemed to have attained age 65 on the first day of the previous month. For example, an individual whose 65th birthday is October 1, 2003 will be deemed to have attained age 65 on September 1, 2003.
- b. According to current Medicare rules, an individual becomes entitled to Medicare Part B benefits when he/she has been accepted into the Medicare program. An individual's Medicare card will indicate the date on which he/she became entitled to Part B benefits. (The date on which an individual applies for Medicare is generally not the same as the date on which he/she becomes entitled to benefits.)

During the open enrollment period, a Medigap insurer can not deny you coverage, place conditions on a policy (like making you wait for coverage to start) or charge you more for a Medigap policy because of any past or present medical problems.

You should consult actual Medicare/Medigap rules found on [www.medicare.gov](http://www.medicare.gov) for complete information.

**Q29: People who are disabled or have end stage renal disease (ESRD) could be covered by Medicare prior to age 65. What are the open enrollment rights of those who are disabled or have ESRD when they turn 65 – is it the same as those who do not?**

A29 Current Medicare rules provide that a disabled or ESRD beneficiary who was entitled to Medicare Parts A and B before turning 65 is reclassified as an aged beneficiary when he/she attains age 65. His/her Medigap 6-month Open Enrollment period begins at this time.

You should consult actual Medicare/Medigap rules found on [www.medicare.gov](http://www.medicare.gov) for complete information.

**Q30: Will Medigap premiums be paid via pensions checks?**

A30: No. You will be responsible for paying your premiums directly and then submitting for reimbursement from your Transition Account, if eligible to do so.